

Company Update

Wednesday, July 02, 2025



I V Global Securities Public Company Limited

Thai Union Group Pcl (TU)

Rating: HOLD

Fair price: Bt11.1

Close price: Bt10.0

2Q25F net profit to rise QoQ, but soften YoY

Company Information

Ticker:	TU TB
Sector:	Food
Shares outstanding (m):	4,455.13
Market capitalization (Btm):	44,551.33
Trading vol/day (Btm):	177.56
Free float (%):	61.08
Beta:	0.57

Major Shareholders

Chansiri Family and related	21.82%
Thai NVDR	6.28%
Mitsubishi UFJ	5.36%

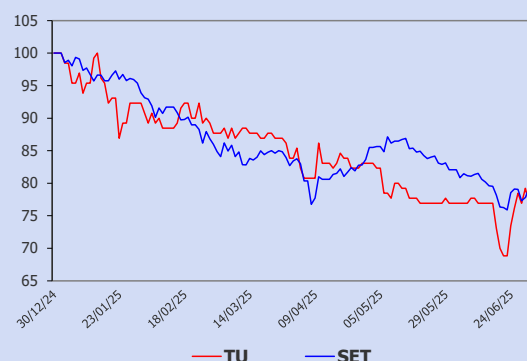
Consensus Bloomberg

2025F EPS (Bt):	0.93
Target price (Bt):	11.21

Price Performance

52 Wk high/low:	15.80 / 8.60
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	1M	3M	1Y	YTD
Absolute (%)	0.0	-8.3	-33.3	-23.1
Relative (%)	3.4	-3.3	-18.8	-2.4



Rating	CGR	Thai CAC	SET ESG
TU		Certified	A

Analyst

Rattana Leenutaphong
rattana.l@ivgglobal.co.th
Tel: 662-658-5787

- TU's operating performance in 2Q25F will likely come in soft YoY on falling top-line sales but improve QoQ from rising sales due to higher demand from the US and EU, along with declining tuna fish prices QoQ. Organic sales of all categories improved YoY (in US dollar terms) on rising demand from the US and Europe. However, due to the forex impact of the baht appreciation YoY, overall sales will fall YoY but rise at a double-digit rate QoQ, thanks to rising sales volume. We estimate TU's 2Q25F net profit at Bt1.17bn (down 4.3% YoY and up 14.4% QoQ). We estimate net profit for 1H25F to fall by 8% YoY to Bt2.2bn.
- We estimate 2Q25F sales to fall by 3% YoY but rise by 15% QoQ to Bt34.2bn, with ambient sales rising by low to mid-single digits YoY, and frozen seafood sales dropping by mid-to-high single digits YoY. The pet food business sales will likely see a decline of low-to-mid single digits YoY. We estimate 1H25F sales to fall by 6.6% YoY to Bt64bn. However, management maintains its full-year sales growth guidance of 1-3% for 2025.
- Gross margin in 2Q25F is estimated at 19%, which is at the higher end of the target range of 18.0-19.0%, compared with 2Q24's 18.5% and 1Q25's 18.8%. The average tuna skipjack price is estimated at US\$1,537/ton in 2Q25F, higher YoY by 3.9% but lower QoQ by 7.4%. The average baht to US dollar rate is estimated at Bt33.5 in 2Q25F, versus Bt33.9 in 1Q25 and Bt36.9 in 2Q24. The company may book a higher forex gain QoQ.
- In terms of the impact from the US reciprocal tariff of 36%, TU's sales exposure to North America accounts for about 40% of the total. It remains uncertain what the final import tax with the US will be following discussions by the two governments to mitigate the trade impact. TU has canned tuna production facilities in Ghana and the US, primarily for packing tuna loin, while the majority is processed in Thailand, which offers better production costs. To mitigate the short-term impact, TU's inventory in the US is set at four to six months, higher than the normal two to three months.
- SG&A is estimated to rise by 3.7% YoY and 1.1% QoQ to Bt4.75bn, accounting for 14% of sales because of increased marketing in a bid to regain market share in the US and additional cost related to transformation program.
- EBIT is, therefore, estimated at Bt1.74bn (-11% YoY and +91% QoQ).
- Associate income should come in positive at some Bt210m, up YoY and down QoQ.
- The effective tax rate is estimated at 10% versus a tax gain in 1Q25. Management has revised down the impact from the topped-up tax due to the global minimum tax from Bt300m to Bt100m-150m for this year.
- Maintain HOLD.** According to the company, while US customers largely believe that the final reciprocal tariff should be around 10%, any higher rates would be passed on to consumers in the US. We maintain our earnings estimates and HOLD rating on the stock, with a price target of Bt11.1, based on a rolling 12x 2025F target P/E multiple. The stock trades at 10.8x earnings for 2025F. Risks to our forecasts lie with seafood price volatility, forex fluctuations, and the ability to pass on raw material cost increases.

Investment summary

FY 31 Dec	2022	2023	2024	2025F	2026F	2027F
Sales (Btm)	155,586	136,153	138,433	131,507	134,619	137,813
Change (%)	10.3	-12.5	1.7	-5.0	2.4	2.4
Net profit (Btm)	7,138	(13,933)	4,985	4,127	4,341	4,531
Change (%)	-10.9	-295.2	-135.8	-17.2	5.2	4.4
EPS (Bt)	1.50	(2.99)	1.12	0.93	0.97	1.02
Change (%)	-10.9	-300.1	-137.4	-17.2	5.2	4.4
P/E (x)	6.7	n.m.	8.9	10.8	10.3	9.8
EV/EBITDA (x)	6.8	8.0	7.3	7.8	7.2	7.0
BVPS (Bt)	16.90	12.59	10.92	11.09	11.31	11.58
P/BV (x)	0.6	0.8	0.9	0.9	0.9	0.9
DPS (Bt)	0.84	0.54	0.66	0.56	0.58	0.61
Yield (%)	8.4	5.4	6.6	5.6	5.8	6.1
ROE (%)	10.2	-20.0	9.3	8.4	8.7	8.9
ROA (%)	4.1	-8.0	3.1	2.7	2.9	3.0
Net D/E ratio (%)	53.7	78.1	94.2	86.7	83.4	79.6

Source: Company and IVG estimates

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Results preview

(Btm)	2Q25F	2Q24	% YoY	1Q25	% QoQ	1H25F	1H24	% YoY
Sales	34,200	35,283	(3.1)	29,789	14.8	63,989	68,503	(6.6)
Gross profit	6,498	6,535	(0.6)	5,611	15.8	12,109	12,277	(1.4)
SG&A	4,754	4,582	3.7	4,700	1.1	9,454	8,779	7.7
EBIT	1,744	1,953	(10.7)	911	91.4	2,655	3,498	(24.1)
Other income	180	337	(46.6)	188	(4.3)	368	586	(37.2)
Interest expense	600	620	(3.2)	585	2.5	1,185	1,267	(6.5)
Share of profit	210	179	17.1	291	(27.9)	501	338	48.1
Pre-tax profit	1,534	1,544	(0.6)	809	89.7	2,343	3,081	(24.0)
Tax	(153)	(44)	246.9	41	(472.8)	(112)	(173)	(34.9)
Net profit	1,166	1,219	(4.3)	1,019	14.4	2,185	2,372	(7.9)
EPS (Bt)	0.25	0.26	(4.3)	0.23	9.5	0.48	0.51	(5.9)

Source: Company and IVG estimates; adjusted net profit excluding Red Lobster and tax credit

Financial ratios

(%)	1Q24	2Q24	3Q24	4Q24	1Q25
Sales growth YoY	1.7	3.6	2.7	(1.2)	(10.3)
Sales growth QoQ	(6.5)	6.2	(1.3)	0.7	(15.1)
Gross margin	17.3	18.5	19.5	18.7	18.8
SG&A as % of sales	12.6	13.0	13.5	14.0	15.8
EBIT margin	4.7	5.5	6.0	4.6	3.1
Net margin	3.5	3.5	4.0	3.5	3.4
Net profit growth YoY	12.9	18.8	16.1	(107.1)	(11.6)
Net profit growth QoQ	(106.7)	5.7	14.9	(13.4)	(16.0)
Net D/E ratio	81.8	82.2	79.5	94.2	100.0

Source: Company and IVG estimates

Track record

(Btm)	1Q24	2Q24	3Q24	4Q24	1Q25
Sales	33,220	35,283	34,840	35,090	29,789
Gross profit	5,742	6,535	6,793	6,554	5,611
SG&A	4,197	4,582	4,693	4,929	4,700
EBIT	1,545	1,953	2,100	1,625	911
Other income	248	337	283	269	188
Interest expense	647	620	627	598	585
Forex gain	159	179	275	157	291
Pre-tax profit	1,537	1,544	1,919	1,503	809
Tax	(128)	(44)	(208)	(50)	422
Net profit	1,153	1,219	1,400	1,213	1,019

Source: Company and IVG estimates

Financial ratios

(%)	2021	2022	2023	2024
Sales growth YoY	6.5	10.3	(12.5)	1.7
Sales growth QoQ	0.0	0.0	0.0	0.0
Gross margin	18.2	17.5	17.1	18.5
SG&A as % of sales	12.4	12.3	12.0	13.3
EBIT margin	5.9	5.2	5.1	5.2
Net margin	5.7	4.6	(10.2)	3.6
Net profit growth YoY	28.3	(10.9)	(295.2)	(135.8)
Net D/E ratio	98.6	53.7	78.1	94.2

Source: Company and IVG estimates

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Tuna Skipjack Price

US\$/ton	2019	2020	2021	2022	2023	2024	2025
1Q	1,453	1,442	1,283	1,717	1,820	1,333	1,660
YoY	-7.8%	-0.8%	-11.0%	+33.8%	+6.0%	-26.7%	+24.5%
QoQ	3.2%	51.8%	-3.8%	+6.2%	+9.6%	-12.1%	+8.5%
2Q	1,217	1,267	1,323	1,608	2,000	1,478	1,537
YoY	-27.0%	+4.1%	+4.5%	+21.5%	+24.4%	-26.1%	+3.9%
QoQ	-16.3%	-12.1%	+3.1%	-6.3%	+9.9%	+10.9%	-7.4%
3Q	1,217	1,500	1,400	1,667	1,800	1,410	
YoY	-17.0%	+23.3%	-6.7%	+19.0%	+8.0%	-21.7%	
QoQ	0.0%	+18.4%	+5.8%	+3.6%	-10.0%	-4.6%	
4Q	950	1,333	1,617	1,660	1,517	1,530	
YoY	-32.5%	+40.4%	+21.3%	+2.7%	-8.6%	+0.9%	
QoQ	-21.9%	-11.1%	+15.5%	-0.4%	-15.7%	+8.5%	
Average	1,209	1,385	1,406	1,663	1,784	1,438	1,598
YoY	-20.9%	+14.6%	+1.5%	+18.3%	+7.3%	-19.4%	+11.2%

Source: Company

TU

E: Environmental

As a responsible business, Safety, Occupational Health, and Environments are key pillars that have important roles and responsibilities in contributing to sustainable harmonization. Part of this responsibility is to communicate about TU's environmental management policy and environmental impacts, both internally and externally, between operations, employees, ecosystems, and society

S: Social

TU Group and its subsidiaries support and respect internationally proclaimed human rights protection. It continues to advance efforts to improve the lives and livelihoods of all workers by providing safe and decent work within its own operations and only sourcing from suppliers that are committed to improving working conditions in line with current industry standards. This incorporates changes to employment practices such as responsible recruitment, access to worker voice mechanisms, equal opportunity practices, occupational health and safety, and supply chain traceability. Although TU does not own any vessels, it is responsible for ensuring the vessels sourced are free from exploitation or mistreatment. TU continues to work with suppliers to understand the supply chain and implement effective and lasting improvements. Through its SeaChange® 2030 strategy, it is embarking on a profound commitment to drive forward labor rights advancements across its global operations, from upstream to downstream, working to ensure the well-being and dignity of its workers and suppliers' workers at every stage.

G: Governance

TU's corporate governance policy adheres to legal compliance as a basis and is developed to be transparent, credible, and acceptable according to guidelines of excellence in business operations, with criteria for governance and sustainable growth at the national and international levels. The Board of Directors has approved that TU defines a policy to control operations in various areas according to the principles of good corporate governance. TU's policies and operational guidelines cover the placing of directors and specify compensation, the independence of the Board of Directors from management, developing directors and evaluating their performance, the governance of subsidiary companies and joint ventures, as well as policies and guidelines concerned with shareholders and stakeholders, looking after shareholders, equal treatment for all shareholders, promotion and exercise of shareholders' rights, protection and use of internal data, preventing conflict of interest, responsibility to stakeholders, taking an anti-corruption stance as well as being committed to other relevant policies and guidelines. In the event that TU discovers that any criterion in any matter has not been defined as a policy or has not been carried out, management will propose that the Board of Directors consider reviewing this to be consistent with principles.

Comment

TU indicates a strong commitment to environmental, social, and governance (ESG) practices, as well as clear long-term objectives. Furthermore, the company demonstrates an ability to execute short-term goals effectively.

Source: Company and IVG estimates

I V Global Investment Research – Recommendation Definitions

Sector Recommendations

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

Stock Recommendations

BUY: Expecting positive total returns of 15% or more over the next 12 months.




HOLD: Expecting total returns of not more than -10% to +10% over the next 3 months.

SELL: Expecting negative total returns of 15% or more over the next 12 months.

Anti-corruption Progress Indicator Definitions

Level 5 Extended	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
Level 4 Certified	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
Level 3 Established	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes. (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)
Level 2 Declared	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
Level 1 Committed	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
Partially progress	Insufficient or not clearly defined policy
No progress	Data not available / no policy

Corporate Governance Report (CGR)

	Excellent
	Very good
	Good

Disclaimers

The disclosure of the survey result of corporate governance, which is surveyed by the Thai Institute of Directors Association ("IOD"), and the Anti-Corruption Progress Indicators, which is assessed by Thaipat Institute, are the disclosure of the survey or assessment result based on the information received from the listed company that was stipulated in the form for Annual Corporate Governance Report of Thai Listed Companies (CGR) and the form for the assessment of Anti-corruption that refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) or other relevant documents or reports of such listed company (as the case may be). The survey or assessment result is based on the information of the listed company, which is disclosed to the public and can be accessed by all investors and is made in order to comply with the policy of the Office of the Stock Exchange of Thailand.

Nevertheless, the survey or assessment result is made from the perspective of the IOD or Thaipat Institute that are the third party only. It is not an assessment of operation of the listed company and is not based on any inside information."

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, I V Global Securities Plc. (IVG) does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.



IVGlobal Securities Public Company Limited

18th Floor, Mercury Tower, 540 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330

Telephone: +66 (0) 2658-5800 Fax: +66 (0) 2658-5799